FSC-19-B	2/2/98
SUBJECT: PM 1998 Contracts	

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Objective: Provide Field Sales with Competitive Contract Activity via the Retail Contract Reference Guide.

Purpose: To gain a comprehensive understanding of the Philip Morris 1998 Contract direction with Non-Self Service Pack and Traditional Carton Outlets.

Philip Morris has unveiled a new non-self service contract for pack and carton outlets for 1998. These contracts could be PM's vision for how the retail environment will look under potential settlement regulations. These new contract requirements and payment grid have been loaded into your Retail Contract Reference Guide in RJR Intranet/Subscriber. In addition, new contracts can be accessed from your laptop under "Help Topics" or "Roadside Assistance" (only selected regions to date have access).

This information **replaces** the existing NSS pack and carton outlet requirements and grid information. **At this time, it is assumed that the PM self-service contracts for both pack and carton outlets, will remain in place.** Also, there have been no changes made to any PM CTS contracts that we are aware of at this time.

To date, PM has presented these new contracts to several major chains. It is believed that PM will take this contract "down the street" by March 1. The attached pages will provide a topline of the contract changes. At this point we are confident that co-existence with PM at their MPL1 is very possible, what we do not know is how they will interpret some of their requirements, particularly as they pertain to industry fixturing.

Feedback between our selling managers and Trade Marketing in this regard will be critical during the next several months.

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